

Warrington Local Plan Examination

Matters Statements

ADDITIONAL HEARING SESSION: EMPLOYMENT LAND REQUIREMENT

13 July 2023



1 Introduction

- 1.1 On submission of the draft Plan the resolved position of the Council is that it was satisfied that the Plan as a whole and the employment land requirement in particular was sound. Its evidence was directed to this point.
- 1.2 The Inspectors' interim letter suggested Main Modifications, including modifications to reduce the employment land requirement and modify various allocations, that they considered necessary to make the Plan sound. The Council proceeded to Main Modifications consultation which included a lower employment land requirement and the removal of the South East Warrington Employment Allocation.
- 1.3 In doing so the Council had the assurance that the Plan includes a commitment to undertake a Plan review into Warrington's employment land needs before the end of the Plan period to ensure the long-term supply of employment land. Therefore, if it becomes apparent that employment land needs are demonstrably outstripping supply, this will be addressed through an early review of the Plan.
- 1.4 The summary of the evidence we have provided below on each of the issues as set out in the Inspectors' Note confirms the Council's position at the point of submission of the Plan and at the Examination. The exception to this is where there are relevant updates to the evidence base that have since occurred in respect of one of the Inspectors' issues, or where the Inspectors have asked for additional information that was not provided previously.
- 1.5 For the avoidance of doubt the Council has not sought to withdraw its evidence from the examination which remains before all the participants and the Inspectors for their consideration. The Council considers that it is now a matter for the Inspectors to consider and suggest what modifications they consider are necessary, if any, to make the Plan sound, based on all the evidence, including recent representations to the Inspectors' proposed Modifications, before them. Nevertheless, in providing this evidence, and particularly being mindful of the commitment to a Plan review as set out above, the Council stresses it remains willing to proceed with the Plan as proposed to be modified, unless there is a change in the Inspectors' conclusions following the additional hearing session.

2 Specific Issues and Responses

(NB. Examination Library reference numbers are provided in brackets after each document referred to in this Matter Statement)

i. Past trends in employment land/floorspace take up in different sectors.

2.1 Table 21, Page 143 of the Refresh to the Economic Development Needs Assessment, 2021 (Document EC2, the EDNA) provided a breakdown of employment land take up recorded in Warrington Borough between 1996/1997 and 2019/2020, in hectares, split by Use Class. This data was derived from Council Monitoring. The Table is reproduced below. Equivalent data is not available on take up by floorspace or splitting take up by industrial sector.

2.2 The key trend shown by this data is that pre-2010/2011 a high proportion of take up, 66.98 ha or 41.2 percent of a total of 162.66 ha, was for E(g)(i) offices. From 2010/2011 onwards the vast majority of take up, 152.73 ha or 85.5 percent of a total of 178.63 ha, was for B8 storage and distribution uses.

Table 21 – Employment Land Take-Up 1996-2020, by Use Class

Completion Period	Use Class						Total (ha)
	E(g)(i)	E(g)(ii)	E(g)(iii)	B2	B8	Mixed	
1996-1997	0.71	-	0.71	-	4.77	2.87	9.06
1997-1998	3.42	-	-	-	6.24	2.75	12.41
1998-1999	2.52	-	0.70	0.73	2.55	2.93	9.43
1999-2000	4.43	-	3.12	-	10.7	3.55	21.8
2000-2001	5.76	-	2.86	-	0.1	2.91	11.63
2001-2002	6.49	-	1.92	-	7.85	2.36	18.62
2002-2003	0.91	-	-	4.91	-	0.67	6.49
2003-2004	1.88	-	-	0.8	1.02	0.10	3.8
2004-2005	9.87	-	-	4.32	-	-	14.19
2005-2006	3.87	-	0.90	0.91	4.00	-	9.68
2006-2007	10.99	-	1.99	0.7	1.1-	2.80	17.58
2007-2008	3.92	-	0.98	2.51	-	-	7.41
2008-2009	4.27	-	2.38	2.75	2.96	-	12.36
2009-2010	7.94	-	-	0.26	-	-	8.2
2010-2011	0.34	-	0.38	0.53	4.33	-	5.58
2011-2012	2.74	-	-	0.82	4.58	-	8.14
2012-2013	4.4	-	-	0.64	2.08	-	7.12
2013-2014	2.03	-	0.67	1.75	14.83	-	19.28
2014-2015	2.61	-	-	-	61.3	-	63.91
2015-2016	0.48	-	-	-	25.8	-	26.28
2016-2017	-	-	-	-	8.08	-	8.08
2017-2018	-	-	0.15	1.32	2.79	-	4.26
2018-2019	-	-	-	2.91	28.94	-	31.85
2019-2020	-	-	-	4.13	-	-	4.13
Total (percent) Inclusive of Omega	79.58 (23.4)	-	16.76 (4.9)	29.99 (8.8)	194.02 (56.8)	20.94 (6.1)	341.29 (100.0)
Total (percent)	79.58 (40.4)	-	16.76 (8.5)	28.67 (14.6)	50.84 (25.8)	20.94 (10.6)	196.79 (100.0)

Completion Period	Use Class					Total (ha)	
	E(g)(i)	E(g)(ii)	E(g)(iii)	B2	B8		Mixed
Excluding Omega							

Source: WBC/BE Group, 2021

ii. The use of past take up trends to predict future requirements.

2.3 Past take up trends means reviewing recorded past take up of employment land (i.e., the development or completion of E(g)/B2/B8 premises) to identify an average rate of annual take up for the local authority area and then using that average take up figure to project forward and identify future needs.

2.4 Recommendation 2 – Defining the Objectively Assessed Need, paragraphs 9.3-9.8, pages 186-188 of the EDNA, 2021 (Document EC2) recommended that Warrington Borough Council use the roll forward of historic take-up as the main measure of Warrington’s future land need for the period up to 2038. The Strategic/Local Take Up Model, which projects forward both local take up and strategic development at Omega to date, best accounts for the full range of need the Borough will face over the next 18 years, notably the likelihood of large B2/B8 developments on the major allocations proposed in the Local Plan (Document SP1).

2.5 This indicated a need of 316.26 ha to 2038, incorporating a three-year buffer and an allowance for the impacts of Town Centre redevelopment. Measured against the Borough’s current realistic supply there was a shortfall of 277.39 ha.

2.6 The Strategic/Local Take Up Model was preferred over models based on economic forecasts because the forecasts represent the absolute minimum amount of land required to accommodate the activities of different industry sectors. Other issues, as set out in the EDNA, 2021(Document EC2) paragraph 9.5, pages 186-186, included:

- That within sectors expected to decline (particularly manufacturing) there will still be businesses that will grow and expand
- Uncertainties about employment densities as company working practices change in light of the Covid-19 Pandemic
- That there will be local market churn
- That there will be a need to maintain a choice of supply by size, type, location and quality of sites and premises for businesses at differing levels of their maturity
- That there should be a continuing forward supply to accommodate site development beyond 2038
- The level and nature of the existing employment land supply at March 2021.

iii. Past trends in jobs growth in different sectors.

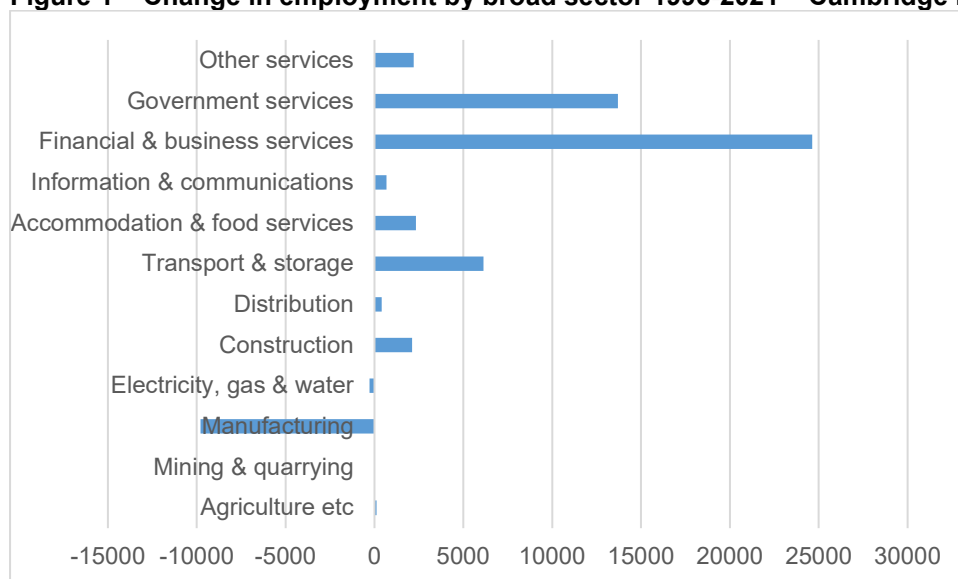
2.7 The EDNA, 2021 (Document EC2) provided projections of employment land need in the Local Plan derived forecasts of jobs change, split by sector, for Warrington Borough sourced from Oxford Economics and Cambridge Econometrics. Those two forecast models also show historic change in jobs, by sector, in Warrington Borough

going back to the 1980s. To respond to this question, the following points and graphs considers jobs change in Warrington, by sector, over the period 1996-2021, the same period for which records of historic land take up records exist.

2.8 **Cambridge Econometrics Forecast**

- Cambridge Econometrics estimate that employment in Warrington increased over the period 1996-2021 by a total of 42,225.
- The largest increases in employment were in the Financial and Business Services (24,637 jobs gained) and Government Services (13,695 jobs gained) sectors. Whilst all of the Financial and Business Services employment may be assumed to be office based in character, the increase in Government Services will likely be focused in health and education services, two sub sectors which will mostly be accommodated in non E(g)/B-Class premises
- The third largest increase in employment was recorded in the transport and storage sector (6,129), reflecting the substantial increase in B8 logistics sector activity which has occurred locally in the 2010s
- Distribution activity also saw a small rise in employment (399) although this is distribution in its widest sense and includes not only wholesale activities but also retail.
- The only sector recording a substantive decline in employment in the period was manufacturing. Manufacturing employment declined by 9,784 over 1996-2021.

Figure 1 – Change in employment by broad sector 1996-2021 – Cambridge Econometrics Data



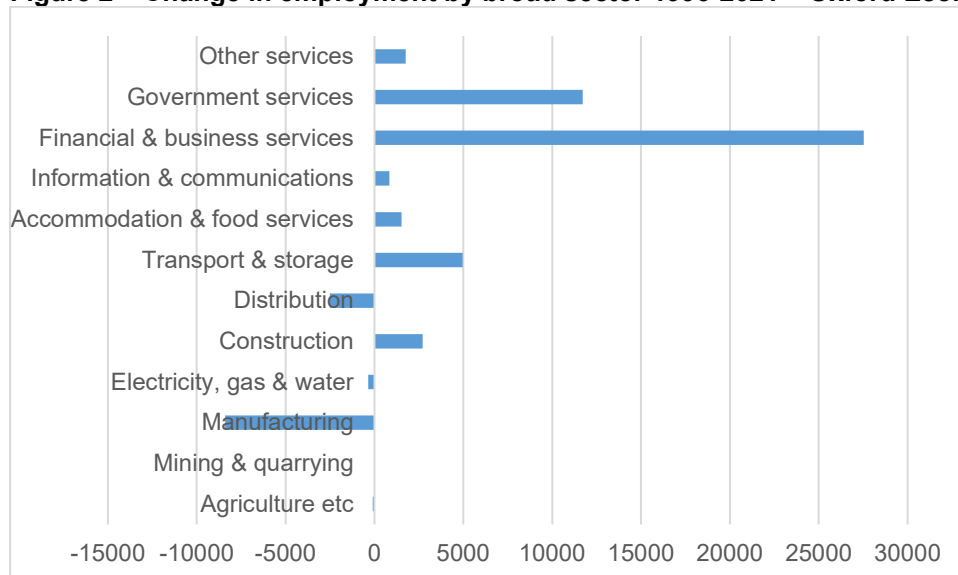
Source: Cambridge Econometrics, 2021

2.9 **Oxford Economics Forecast**

- Oxford economics provides its employment estimates across 19 different sectors but these have been aggregated to 12, to allow a direct comparison with the Cambridge Econometrics figures.
- The pattern of employment changes estimated by Oxford Economics are similar to the Cambridge Econometrics figures although the exact figures differ.

- Overall, Oxford Economics estimate that employment rose by 39,648 jobs in the period.
- The largest rises were also recorded in Financial and Business Services (27,535), Government Services (11,709) and Transport and Storage (4,961).
- The largest fall was recorded in manufacturing (8,400).
- Unlike Cambridge Econometrics, the Oxford estimates show a decline in the distribution activities of wholesale and retail (2,521).

Figure 2 – Change in employment by broad sector 1996-2021 – Oxford Economics Data



Source: Oxford Economics, 2021

2.10 Overall, the two forecasts consistently show that Warrington saw strong growth in certain office sectors plus transport and storage. This is consistent with the patterns of employment land take up discussed in the response to Point 1 above which shows that most development in the Borough was, pre-2010 for office uses and, post 2010, for B8 logistics. The main decline recorded was in manufacturing employment and the forecasts project that declines in manufacturing employment will continue to 2038.

iv. The appropriate time period to analyse past trends.

2.11 In the EDNA, 2021 (Document EC2) Model 1: Historic Land Take-up, paragraphs 7.5-7.23, pages 139-144, past trends were analysed across the whole period for which take up data was available – 1996/1997 to 2019/2020. This was to account for the differing periods of growth and recession which occurred over that 24 year period, as well as the varying development patterns since 1996, and seek to get the broadest view possible on Warrington Borough’s average growth, to project forward. Focusing on any smaller time period, within those 24 years, risks over emphasising the trends which were dominant during that sub-period. For example, focusing on the period 2008/2009-2012/2013, a period of national recession, would lead to an underestimation of land needs if projected forward over periods of future economic growth. Also, as noted in the response to Issue 1, pre-2010/2011 a high proportion of development was for offices, post-2010/2011 the vast majority of completions were

for B8 uses. A focus on either period would lead to an over emphasis on the dominant use over others.

v. Job densities in different sectors.

2.12 Table 29, Pages 153-154 of the EDNA, 2021 (Document EC2) provides a breakdown of the different Model Assumptions which informed the conversion of projected jobs growth into floorspace change in Forecast Models 2A-B: Employment Based Forecast. Reproduced below column three shows the jobs densities applied to different industry sectors, ranging from one job per 12 sqm for office, agriculture, construction and utilities, up to one job per 70 sqm for storage and transport uses.

2.13 All the job densities utilised were derived from the Homes and Communities Agency (now Homes England) 'Employment Density Guide' 3rd Edition (November 2015) the standard guide for jobs densities in England. Use of this national density guidance reflected the fact that there is no available data on local employment densities. However, this national Density Guide has informed Employment Land Studies across England, including consultancy BE Group's post 2015 employment land studies in locations such as neighbouring St Helens.

Table 29 – Model Assumptions

Industry Sector	Employees		
	Percentage of Staff Occupying B1, B2, B8 Floorspace (percent)	Floorspace Occupied per Person (sqm)	Other Comments
Agriculture	5	12	Managerial, admin, thus B1(a) office space
Manufacturing	100	47	The density reflects largely B1(c) light industrial space. The model ratios do allow for higher levels for B2 uses.
Utilities	26	12	Managerial, admin, thus B1(a) office space
Construction	26	12	Managerial, admin, thus B1(a) office space
Distribution	48	70	Warehouses, offices - primarily 'Final Mile' Distribution Centres
Transport	48	70	Warehouses, offices - primarily 'Final Mile' Distribution Centres
Financial & Business	100	12	B1(a) offices
Government & Other Services	22	12	Local Government, Public Administration B1(a) offices

Source: SERPLAN and HCA, 2015

vi. Employment growth forecasts in different sectors, how this relates to “employment land” and “non-employment land” and the implications of this for the amount of land required to be allocated in the Local Plan.

- 2.14 The EDNA, 2021 (Document EC2) provided projections of employment land need in the Local Plan derived forecasts of jobs change, split by sector, for Warrington Borough sourced from Oxford Economics and Cambridge Econometrics. The forecasts projected employment change to 2038, the end of the Local Plan period. In addition, the models available include actual data from 1981 onwards and thus past demand can be used to calculate the assumed land need over the historic period for comparison with actual land take-up over the same period.
- 2.15 The forecasts project sectoral jobs change for the whole local economy, however, in terms of using the employment forecasts to calculate future employment land requirements, only certain sectors will translate jobs into a requirement for employment land. Model 2A: Employment Based Forecast in the EDNA, 2021 (Document EC2) accordingly assesses what percentage of jobs in each sector translates to floorspace. For example, in transport and storage a percentage of jobs will be warehouse based, whilst the remainder will be drivers not operating on site. Growth in Manufacturing will be exclusively in industrial premises while growth in Accommodation and food services will be exclusively accommodated in non E(g), B2, B8 Class premises such as shops and hotels.
- 2.16 Table 27, page 150 of the EDNA, 2021 (Document EC2) identified the forecast jobs change, projected by Oxford Economics and Cambridge Econometrics over 2021-2038, split by sector. They show a notable forecast decline in the Manufacturing sector with relevant growth sectors including Construction, Distribution and Transportation – 2,100 extra jobs under the Oxford Economics Forecast, 1,500 under the Cambridge Econometrics. Businesses in these sectors will primarily require B8 accommodation. Substantial growth is also forecast in office based sectors – Information and communications, Financial and business services, Government services, Other services – 12,300 extra jobs with Oxford Economics and 12, 800 extra jobs with Cambridge Econometrics.

Table 27 – Employment Change by Employee Numbers 2021-2038*

Sector	Oxford	Cambridge
Agriculture, etc.	0	0
Mining and quarrying	0	0
Manufacturing	(2,100)	(1,100)
Electricity, gas and water	(300)	0
Construction	1,400	400
Distribution	500	500
Transport and storage	200	600
Accommodation and food services	500	4,100
Information and communications	300	700
Financial and business services	9,400	6,700
Government services	1,700	5,300
Other services	900	100
Total (Net of Losses)	12,500	17,300

Source: Oxford Economics, Cambridge Econometrics 2021

*Figures in brackets are negative, i.e. jobs/property/land losses.

- 2.17 The EDNA, 2021 (Document EC2) then identifies that for Oxford, of the 12,500 net extra jobs forecast, 8,717 (69.7 percent) will specifically require E(g), B2, B8 premises and therefore land and 3,783 will not require employment premises and land. As

mentioned above only some of the forecast jobs growth will need to be accommodated in industrial, warehouse or office premises while other growth will require other forms of commercial property such as shops, hotels, guest houses, medical facilities, etc. For Cambridge Econometrics, of the 17,300 net extra jobs forecast, 8,164 (47.1 percent) will specifically require E(g), B2, B8 premises and therefore land and 9,136 will not require employment premises and land. The difference between the two largely reflects that Cambridge forecast substantial growth, an extra 4,100 jobs, in Accommodation and food services, a sector which does not require employment premises and land.

- 2.18 Model 2A: Employment Based Forecast – Baseline Forecast of the EDNA, 2021 (Document EC2 then converts the forecast jobs growth into a requirement for employment land. Table 30 page 154-155 summarises the results with requirements of 12.88-23.53 ha calculated on net jobs growth and 36.42- 38.24 ha only on sectors where employment is projected to grow.

Table 30 – Employment Based Forecast 2021-2038*

Growth Sectors	Oxford Economics
Total Floorspace, sqm	149,134
Divided by Development Floorspace per ha	3,900
Equivalent Employment Land Needed, ha	38.24

Sectors in Decline	Oxford Economics
Total Floorspace, sqm	(98,921)
Divided by Development Floorspace per ha	3,900
Equivalent Employment Land Reduction, ha	(25.36)
<i>Net Land Need, ha</i>	<i>12.88</i>

Growth Sectors	Cambridge Econometrics
Total Floorspace, sqm	142,023
Divided by Development Floorspace per ha	3,900
Equivalent Employment Land Needed, ha	36.42

Sectors in Decline	Cambridge Econometrics
Total Floorspace, sqm	(50,290)
Divided by Development Floorspace per ha	3,900
Equivalent Employment Land Reduction, ha	(12.89)
<i>Net Land Need, ha</i>	<i>23.53</i>

Source: BE Group, 2021

*Figures in brackets are negative, i.e., jobs/property/land losses.

- 2.19 However, at paragraphs 7.80-7.84, pages 161-163 the EDNA, 2021 (Document EC2) then goes on to discuss the reasons why the forward projection of jobs growth is not the preferred method for forecasting needs to 2038, with Take Up based modelling being the preferred approach.
- vii. **The relationship between the amount of employment land to be provided, the jobs growth that would occur and anticipated total labour supply (as a result of planned housing growth), taking account of the role of different sectors in employment growth and the differing needs for land to be allocated.**

- 2.20 In the letter entitled 'BE Group Response to Inspectors Post Hearings Letter to Warrington Borough' (Document CD67), Table 2, page 5, reproduced below, provided an estimate of the jobs capacity of the Local Plan Allocations.
- 2.21 To provide this estimate of the number of jobs the Local Plan employment allocations could generate, Table 2 took the proposed land supply and applied the standard jobs density ratios, on a per sqm basis, from the Homes England Jobs Density Guide (2015).
- 2.22 As Table 2 shows, based on average densities, proposed development in Warrington Borough is unlikely to generate more than 17,019 direct FTE jobs, even with SEWEA. This falls below the 18,300 jobs that are calculated under the Local Housing Needs Assessment (LHNA, Document H2). Excluding SEWEA reduces the number of jobs further to 10,344 comparative to the LHNA 18,300 jobs figure.

Table 2 – Jobs Generated by Proposed Employment Land Allocations

Proposed Allocation Site	Size, ha	Floorspace, sqm	Assumed Use Class (s) of Development (Jobs Density Applied)	Jobs Generated	Comments
Existing Supply	38.87	168,791	Multiple	3,870	Based on EDNA analysis of different sites
St Helens Omega Extension	31.80	124,020	B8 (One job per 80 sqm)	1,550	Assumes a strategic scheme, predominately comprising B8 warehousing comparable to past development at Omega Floorspace conversion at the standard developer ratio of 3,900 sqm/hectare
Fiddlers Ferry Brownfield Site	101.00	393,900	B8 (One job per 80 sqm)	4,924	Assumes a strategic scheme, predominately comprising B8 warehousing comparable to past development at Omega Floorspace conversion at the standard developer ratio of 3,900 sqm/hectare
SEWEA	136.92	533,988	B8 (One job per 80 sqm)	6,675	Assumes a strategic scheme, predominately comprising B8 warehousing comparable to past development at Omega Floorspace conversion at the standard developer ratio of 3,900 sqm/hectare
Total Supply	308.58 (171.67 less SEWEA)	1,220,699 (686,711 less SEWEA)	-	17,019 (10,344 less SEWEA)	

Source: BE Group, 2023

2.23 As was noted in the response to Point 6 a high proportion of the forecast jobs growth, relevant to E(g), B2, B8 class employment land needs, as identified in the EDNA, 2021 (Document EC2) will be in the Construction, Distribution and Transportation – 2,100 extra jobs under the Oxford Economics Forecast, 1,500 under the Cambridge Econometrics. Businesses in these sectors will primarily seek B8 accommodation and it is expected that premises delivered on the larger sites, plus some of the more local allocations, will focus on meeting B8 requirements. Table 8 – Employment Sites Schedule, pages 66-70 of the EDNA, 2021 (Document EC2) also identifies land totalling 17.82 ha, mostly at Birchwood Park and Lingley Mere, which could be developed to support office growth in the Borough, alongside Town Centre Regeneration, to allow for the increases in office sector employment forecast.

viii. Specific evidence on the scale of land/floorspace required for storage and distribution uses (Class B8).

2.24 Recommendation 2 – Defining the Objectively Assessed Need, paragraphs 9.3-9.8, pages 186-188 of the EDNA, 2021 (Document EC2) identified a net requirement for 277.39 ha of land over the Local Plan period. Table 47, page 187, provided an indicative split of that net need, by Use Class, based on the forward projection of past take up patterns since 1996. It indicated a requirement for 162.18 ha of land specifically to accommodate B8 uses, 71.3 percent of the total net requirement. At a standard developer ratio of 3,900 sqm/hectare this would equate to a requirement for 632,500 sqm of additional floorspace.

Table 47 – Full Need, Split by Use Class – Strategic/Local

Period	Use Class (Percentage Split, percent)						Total (ha)
	E(g)(i)	E(g)(ii)	E(g)(iii)	B2	B8	Mixed	
Further Needs	72.56	-	34.26		162.18	8.39	277.39

Source: WBC/BE Group, 2021

2.25 However, in reality, modern companies frequently require a mix of office, industrial and storage space, tailored to their individual needs. The full range of needs which may emerge cannot be predicted in advance and indeed the requirements of companies change as they grow. Demand from different sectors will also fluctuate over the lifetime of the Local Plan, as noted, the local office market is weaker presently than it has been in the past. Thus, policy should avoid proscriptions on what B-Class uses can or cannot locate on employment sites, unless there are specific environmental reasons for excluding some uses, such as the proximity of land to housing.

ix. Information on vacancy rates, rental values, net absorption, age of stock and redevelopment of sites and the implications of this.

2.26 The individual issues highlighted in the Point are discussed in turn using the most recent data provided by BE Group. It should be noted that whilst there is some

fluctuation in the data relating to each of these issues, this is to be expected and does not change the key conclusions from the 2021 EDNA.

Vacancy Rates

Industrial Vacancy Rates

- 2.27 Paragraphs 3.35, page 51 of the EDNA, 2021 (Document EC2) identified a vacancy rate of 4.0 percent by premises numbers and 13.0 percent by floorspace, comparing marketed properties against total stock, as of summer 2021. Reviewing the existing premises on the market, as of June 2023 indicates updated vacancy rates of 4.8 percent by premises and 6.8 percent by floorspace.
- 2.28 Low occupancy rates of below 90 percent can indicate levels of low demand for property and poor business growth. High occupancy rates (above 95 percent) may be an indicator of supply shortfall, and businesses potentially having difficulty in finding premises. By this measure Warrington has had an undersupply of industrial premises by number of units in 2021 and 2023. The amount of floorspace currently on the market is more in equilibrium but it is worth noting the amount of floorspace recorded as being available in 2023 is nearly half that of 2021. This reflects a reduced number of larger units, greater than 1000 sqm each in size, being available in 2021 than was the case in in June 2023.

Office Vacancy Rates

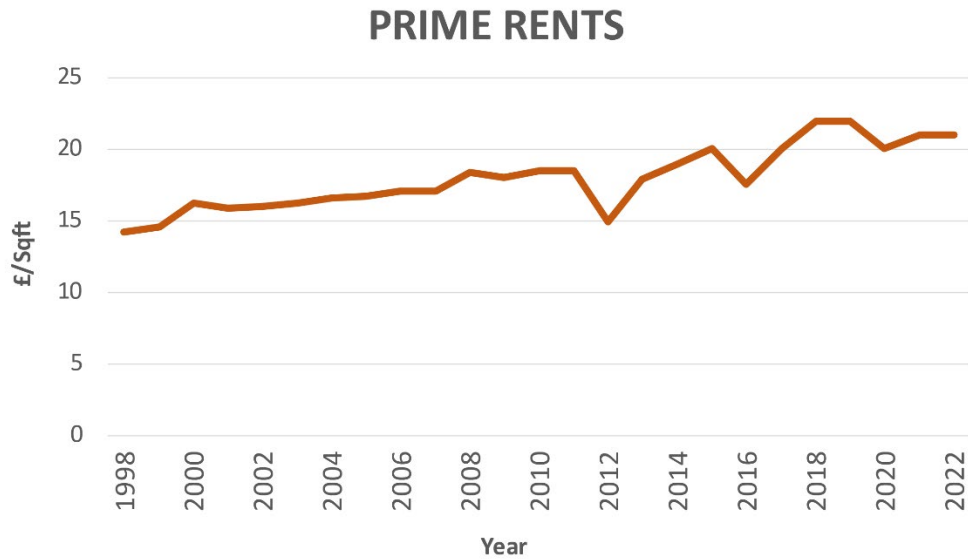
- 2.29 Paragraphs 3.36, page 52 of the EDNA, 2021 (Document EC2) identified a vacancy rate of 6.9 percent by premises numbers and 13.7 percent by floorspace, comparing marketed properties against total stock, as of summer 2021. Reviewing the existing premises on the market, as of June 2023 indicates approximate updated vacancy rates of 8.6 percent by premises and 12.6 percent by floorspace.¹ These results suggest a sufficient supply of office premises is on the market to give businesses choice in the premises they occupy, at least in terms of the overall quantum of space if not in terms of the detailed types, tenures and quality levels they might be seeking.

Rental Values

Offices

- 2.30 Consultants BE Group analysed all office transactions from 2022 above 2000 sqft (186 sqm) with 30 transactions recorded in Warrington Borough. In terms of the types of deals, leaseholds dominated with 23 of the 30 recorded deals. Average rents were £15.00/sqft (£160/sqm) with half of the deals achieving £15.00/sqft, or above, and the highest rent achieved at Bridgewater Place Birchwood Park, at £21.00/sqft (£226/sqm). The figure below illustrates prime (best) rents for Warrington Borough since 1998, for offices. It illustrates a pattern of slow but steady growth in the 2000s followed by more significant fluctuation in the 2010s.

¹ The office vacancy figures are approximate only as Warrington Borough contains a large stock of complex multi-occupancy premises, some of which will provide flexible property options such as virtual offices and co-working spaces where desks may only be occupied part time by multiple businesses. True vacancy rates within such multi-occupancy schemes are difficult to calculate and subject to constant change.

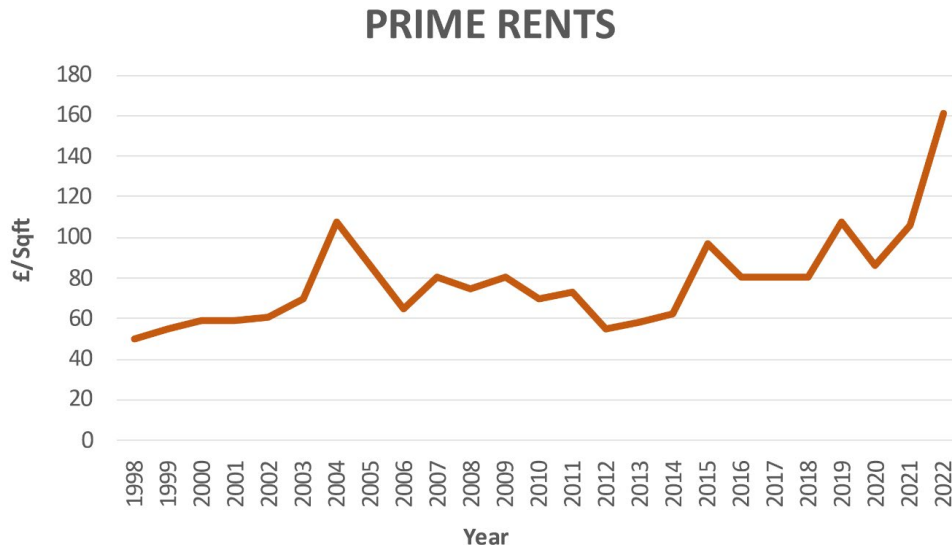


OFFICE

Source: BE Group, 2023

Industrial/Warehouse

- 2.31 In 2022 consultants BE Group analysed the 49 transactions above 2000 sqft (186 sqm) in Warrington Borough. Again, leasehold deals dominated accounting for 45 of the transactions. The average rent over the year was £8.20/sqft (£88/sqm). With the highest rent achieved in the year being £15.00/sqft (£161/sqm) for a unit at Gateway 49. However, this was a trade unit, with a retail/wholesale element, which typically achieve rents above those achieved by traditional industrial and warehouse properties.
- 2.32 For larger units above 10,000 sqft (929 sqm) of the average is £5.75/sqft (£62/sqm) but this does include a significant number of older units. New B8 developments at Omega, Lingley Mere and Birchwood are achieving £6.50 - £7.85/sqft (£70-84/sqm). That upper level was achieved for a 167,000 sqft (15,514/sqm) unit at Lingley Mere. The figure below illustrates prime (best) rents for Warrington Borough since 1998, for industrial/warehouse. It illustrates greater fluctuation in rental rates than was true for offices. However, in recent years and most dramatically since 2020, rents have been trending upwards.



INDUSTRIAL

Source: BE Group, 2023

Net Absorption

- 2.33 Net Absorption was not considered in any evidence base document produced by the Council, rather was put forward as an alternate method of measuring employment land need in a number of representations to the October-November 2021 Consultation for the Warrington Local Plan. These representations are summarised in the document 'Warrington Local Plan Consultation Responses Review, 2022' (Document EC1).
- 2.34 Net Absorption uses, as a measure of employment land need, the quantum of net floorspace occupied over a period of time (i.e., move-ins minus move-outs) based on leasing deals recorded, converted to an average annual rate and projected forward over the Local Plan period. It also made an allowance for 'suppressed demand', allowing for the degree to which available premises supply in Warrington dropped below a 9 percent vacancy rate (equilibrium rate) judged to be the maximum rate at which rental growth occurs.
- 2.35 At Paragraph 2.5, pages 15-16, Warrington Local Plan Consultation Responses Review, 2022 (Document EC1) the following responses to the Net Absorption methodology were raised:
- Net absorption is a measure of all business relocations, not just relocations to new build premises, i.e., it counts relocations to and from second hand space which do not generate any need for new development. Thus, it significantly overestimates demand for new build accommodation, which is what is relevant to any discussion of the need for employment development land
 - Take up rates allow for imperfections in the development process. In the real world businesses' ability to access the land and property they need are inhibited

by a range of factors including the planning process and legal and physical constraints on land, as well as their own finances. Past take up allows for this by providing a measure of what developers were actually able to bring forward on employment land as opposed to what they might aspire to bring forward.

- 2.36 The degree to which market demand is ‘suppressed’ by a lack of supply is hard to measure in a clear quantitative way, as demand from individual businesses can change regularly and not all businesses can gain the finance they need to meet their growth aspirations. So even if land and premises could be guaranteed locally for every business who indicated a requirement, not all those land and property options would ultimately be taken up. Additionally, businesses may find creative ways to grow, such as expanding in an existing multi-let scheme or in a neighbouring local authority area, which do not impact on local land needs.

Age of Stock and Redevelopment of Sites

- 2.37 A detailed assessment of stock condition and age has not been undertaken in any evidence base document. It is accepted that redevelopment and regeneration of older stock will occur over the Local Plan period and several allowances were made for this in the calculations of employment land need in the EDNA, 2021 (Document EC2):
- An allowance of 17.64 ha for business displacement associated with Town Centre regeneration projects
 - A buffer of 3 years additional take up is added to the needs figures to allow for other losses to the employment stock over the Local Plan period.

- 2.38 As Section 4.0, the EDNA, 2021 (Document EC2) also reviewed opportunities for brownfield development for E(g), B2, B8 uses in the existing employment areas of the Borough. This exercise identified a realistic local supply, excluding Omega, of 26.17 ha. This existing supply is deducted from assessments of need to identify the net requirement.

- 2.39 In Table 25, pages 103-106, of the Economic Development Needs Assessment, 2016 (Document EC5) reviewed 14 Employment Areas (industrial estates and business parks) considering opportunities for regeneration and redevelopment at a high level. It identified that further opportunities for land re-use outside of the opportunities identified above were modest and generally limited to smaller industrial estates in peripheral locations.

x. The relationship of Warrington to other parts of the region/sub-region in terms of the market for employment land and in particular Class B8.

- 2.40 In the EDNA, 2021 (Document EC2) Section 6.0: Warrington’s Wider Economic Geography, pages 104-136 reviewed the relationship between Warrington and its neighbours in Cheshire, Greater Manchester and the Liverpool City Region. The reason for this exercise was that Warrington Borough sits at the junction of M6/M62/M56 Motorway and is arguably the most accessible well positioned location in the North West, serving a large catchment area extending across Greater Manchester, Liverpool City Region and Cheshire. The Borough has a particularly strong role in

accommodating the B8 logistics sector which distributes goods across the region. Warrington's sites, which serve larger than local markets, will compete with equivalent locations allocated in neighbouring boroughs along the strategic routes of the North West and which aim to provide similar types of premises to those proposed in Warrington Borough. Those competing sites, and the potential impacts they might have on Warrington's proposed allocations, were considered in this section of the EDNA.

2.41 Relevant points from this exercise included that:

- In Cheshire the Ma6nitide site at Middlewich, close to the M6, retains a large portfolio of undeveloped land and has some potential to compete with sites in Warrington for B2/B8 requirements
- In Greater Manchester, Port Salford would compete with Port Warrington for Canal-linked logistics uses, although large scale growth of Port Warrington is not proposed in the Local Plan (Document SP1)
- In Wigan, the Pocket Nook Major Site, off the A580 East Lancashire Road and west of Atherleigh Way, is of most relevance to Warrington. The proposal is for 15,000 sqm of employment floorspace as part of a mixed use allocation. If delivered, this would meet some needs along this corridor which runs close to the boundary with Warrington Borough, although the scale of development here would be very modest in the context of Warrington Borough's overall needs
- In St Helens, development of Parkside would create a Strategic Rail Freight Facility close to Warrington. This will offer some competition with an Omega Extension and any other strategic schemes delivered in Warrington Borough. However, as a rail linked scheme, it will attract differing occupiers to the exclusively road linked schemes proposed in Warrington
- In the Liverpool City Region, there is a clear link between Warrington and the Daresbury area of Halton, with large travel to work flows between the two locations. In West Runcorn, infill development/redevelopment at Inovyn and on the Ship Canal may prove attractive to high-tech and port linked companies that may otherwise have looked to Warrington, although detailed planning here is ongoing.
- The proximity of Manchester City Centre, the Airport Gateway area and Salford City Centre, will continue to limit demand for offices in Warrington Borough. Growth at Salford Quays will also impact on Warrington's office market, although the sectoral focus of the Quays (media/digital) differs somewhat from Warrington's.

2.42 Research into the Port of Liverpool predicts increases in all areas of port trade. The 2018 SHELMA suggests that the Liverpool City Region will require 308-397 ha of land for B8 use arising from investment at the Port of Liverpool as well as a more general increase in employment land and housebuilding. In addition, the commodities forecasts presented within the Mersey Ports Masterplan identify a need for around 340 ha of land to 2030. This includes land for Port-related logistics (113 ha) which will overlap with the above demand forecasts for B8 warehouse development. This need is supply driven and could be accommodated in a wide sub-regional area which extends to include Warrington.

xi. The regional/sub-regional picture in terms of the requirements for employment land overall and in particular Class B8.

2.43 An overview of the relevant property markets is provided here. This includes the most up-to-date data available but does not change the key conclusions from the 2021 EDNA.

Industrial/Warehouse Market

2.44 The rise of ecommerce is the single most important issue driving activity in the industrial and logistics sector. The UK is Europe's most mature ecommerce market with over a thirds of UK retail sales being undertaken online during the height of the pandemic although this has now dropped back to a still substantial 28 percent. Nationally, uncertainties in international trade have led to increased onshoring of component parts production and stockpiling of goods. Additionally, companies are now looking for modern, large and high grade buildings to meet their increasingly stringent operational requirements as well as sustainability criteria, a factor which encourages relocations to modern, new build units. All these factors are pushing demand even in an era of greater economic uncertainty and inflationary pressures.

2.45 This has led to an increased demand particularly for larger B2/B8 units of more than 100,000 sqft (9,300 sqm), with a strong requirement for unconstrained locations on major dual carriageways and motorways. As a result, in the UK the take-up of industrial and logistics space has exceeded the 15 year average of 2.79 million sqm six out of the last 8 years. Last mile urban logistics or the mid box sector of units around 4,600 sqm are similarly in demand.

2.46 Within the North West specifically, consideration of market reports provided by regional agents such as Savills and B8 Real Estate on demand for B2/B8 land and property indicates the following for the 2022/2023 property market:

- 2022 saw continued levels of strong occupier demand for new build B2/B8 accommodation in the sub-9000 sqm range, in the North West, with take-up totalling some 106,000 sqm in 40 recorded transactions, an increase from 91,000 sqm (29 transactions) on the previous year
- For larger units of greater than 9,000 sqm each, in size, 2022 saw a record year of take up for both speculative units (for marketing on completion) and Design and Build (developed for an agreed occupier) units in the North West, with 613,000 sqm of premises occupied.

2.47 Overall, as was stated in the EDNA, 2021 (Document EC2) Section 3.0: Property Market Assessment, pages 29-63, stakeholders report continuing demand for B2/B8 premises and hence sites. While uncertainties in development finance may limit speculative development in 2023, requirements for Design and Build developments on serviced well located employment sites remain strong as companies seek units bespoke for their needs and demand from the manufacturing sector rises.

Office Market

- 2.48 The service sector remains a dominant proportion of the economy in terms of jobs generated but arguably less so in terms of its land and property requirements. Technical advantages and the changing expectations and working practices of businesses, have polarised the office market in the North West and elsewhere. Large businesses are seeking high grade offices in well located positions such as Manchester City Centre at the expense of out of centre schemes. Micro businesses and start-ups are seeking flexible space in serviced schemes or small offices let on flexible terms more generally. This allows them to change the amount of space they occupy rapidly in response to changing trends in factors such as homeworking and technological change.
- 2.49 Broadly occupiers have become more demanding of the specification and type of office they are seeking, benefiting some high quality schemes and the expense of others. Higher specifications are combining with increased construction costs and other inflationary pressures to make the development of financially viable offices increasingly challenging, especially for speculative developments, i.e., those without pre-agreed occupiers. Thus, the growth in office sector employment projected is unlikely to translate into large scale new office development and thus land take up beyond Birchwood Park and Lingley Mere, which could be developed to support some office growth, alongside Town Centre Regeneration.
- xii. The availability of sites in the region/sub-region (those with planning permission and those allocated in Local Plans), particularly those in locations competing with Warrington. The specific position regarding land at Omega West in St Helens.**
- 2.50 As was discussed in relation to Point 10 the EDNA, 2021 (Document EC2) Section 6.0: Warrington's Wider Economic Geography, pages 104-136 identified a Functional Economic Market Area (FEMA) for Warrington Borough comprising most of Wigan Borough, and the western portions of Trafford and Salford in Greater Manchester. The northern areas of Cheshire West and Chester and Cheshire East have strong links, as do Halton and St Helens in the Liverpool City Region. Although geographically more distant, Warrington also has good links with the urban centres of Manchester and Liverpool. Table 1 below considers the total employment land supply in those local authority areas and strategic sites which fall within the FEMA area for Warrington and thus will have overlapping market influence with equivalent large sites in Warrington Borough.
- 2.51 Overall, 1,955.53 ha of employment land is allocated in the local authority areas which comprise Warrington Borough's FEMA or proposed for allocation in the case of Salford. 38.1 percent of this is in Cheshire, 34.5 percent in Greater Manchester and 27.4 percent in the Liverpool City Region.
- 2.52 Annual Monitoring of the employment supply within the FEMA is not consistently provided for all constituent local authority areas, but the data which is available suggests a more immediately available employment land supply of 1,379.37 ha. It is important to note however, that in some cases, such as Halton, available monitoring

pre-dates the adoption of the latest local plan. Data on the proportion of the land supply with planning consents is not available for all local authorities but, where it is stated, on average, around a quarter to half the supply identified in monitoring has planning consent(s) in each authority.

- 2.53 A few of the local authorities have strategic scale sites aimed primarily at larger B2/B8 uses. In Cheshire, development is progressing at a number of large B2/B8 sites in Crewe and Alsager. More directly within the Warrington FEMA is Midpoint 18 an established B2/B8 facility at Junction 18, M6. Strongly linked to Warrington via the M6 this site is likely to provide some competition with Warrington Borough for relevant requirements. However, it is worth noting that Midpoint 18 is a long standing scheme which developed alongside the rapidly growing Omega North and South Sites since the 2010s, i.e., demand has historically existed to support both.

Table 1 – Employment Land Supply and Key sites in the FEMA

Local Authority Area	Total Employment Land Supply Allocated in Last Adopted Local Plan, hectares (Year of Adoption)	Employment Land Supply Remaining as of Latest Published Monitoring data, hectares (As At) Total land with planning consent, hectares, where known	Strategic Sites Falling within the FEMA (Sites of 20 ha or larger)
Cheshire			
Cheshire West and Chester	365.00 (2019)	219.00 (2022) 98.34 with unimplemented consents	<ul style="list-style-type: none"> • New Bridge Road, Stanlow - 28 ha allocated. Subject to multiple smaller proposals for B2/B8 development • Hooton Park – 27 ha allocated. Falls within the Cheshire Science Corridor Enterprise Zone and is identified as being suitable for logistics and advanced manufacturing. Most of the land within the area is in operational use for GM Vauxhall and suppliers. Recent speculative development has taken place by Redsun developments, with the completion of the first phase of Aviator Park, with future phases of development anticipated. • Land at Encirc Glass Ltd – 34 ha allocated. Land is primarily being developed for use by this company and its supply chain. • Thornton Science Park is identified, within the Stanlow area, for future research and development activity (B1 and B2 use classes). It forms part of the Cheshire Science Corridor Enterprise Zone with Birchwood Park and some competition between the two locations for relevant high-tech companies, is likely, particularly in energy/engineering sectors (although Birchwood has a distinct focus on the nuclear sector) • Ince Park (Protos) is proposed for a multi-modal resource recovery park and energy from waste facility, with a developable area of some 50 ha. Phase 1 developments are underway with several facilities now completed. • Extension to Winsford 1 - 5 Industrial Estate, East of Road One – 27 ha allocated. Expansion land in established large industrial estate. North of site developed for 16,000 sqm B2 facility for Tiger Trailers.
Cheshire East	380.00 (2017)	390.80 (2022) 193.17 with unimplemented consents	<ul style="list-style-type: none"> • Basford East, Crewe – 24 ha allocated. Developer Muse has submitted a hybrid planning application for the WestonM6 scheme. It is seeking detailed approval for the first phase, which will include three logistics and warehousing buildings totalling approximately 70,000 sqm. Long term proposals are for 120,000 sqm of industrial, warehouse and office premises. • Radway Green Extension, Alsager – 25 ha allocated. Site has Outline Planning consent granted for built to suit opportunities up to 136,000 sqm. Site now forms part of Panattoni Park Crewe Phase I, marketed for build to suit developments of up to 93,000 sqm each • Midpoint 18, Middlewich – 70 ha allocated. Expansion land for an established regional B2/B8 hub on the M6 Corridor. Various proposals being progressed • Land adjacent to J17 of M6, south east of Congleton Road, Sandbach – 20 ha allocated. Subject to long term plans for development for leisure uses with a business park to the south • Wardle Employment Improvement Area (Cheshire Green Industrial Park) – 46 ha allocated. Established rural industrial estate with various growth plans being progressed • Also, Alderley Park – Large, established science park accommodating some 2,000 staff in 93,000 sqm of space. Several proposals for serviced office/lab space have been implemented in recent years
<i>Sub Total</i>	<i>745.00</i>	<i>609.80</i> <i>291.51 with consents</i>	-
Greater Manchester			
City of Manchester	200.00 (2012)	117.63 (2021)	Supply to comprise: <ul style="list-style-type: none"> • Offices (B1a) – 140 ha • Research and Development (B1b, B1c and B2) – 25 ha • Distribution and Warehousing (B8) - 35 ha

Local Authority Area	Total Employment Land Supply Allocated in Last Adopted Local Plan, hectares (Year of Adoption)	Employment Land Supply Remaining as of Latest Published Monitoring data, hectares (As At) Total land with planning consent, hectares, where known	Strategic Sites Falling within the FEMA (Sites of 20 ha or larger)
		37.70 with unimplemented consents	Based around key locations for major employment growth rather than sites: <ul style="list-style-type: none"> Manchester City Centre - 33 ha City Centre Fringe (including Strangeways, Collyhurst, Ancoats, New Islington and Manchester Science Park) – 25ha Central Park and Eastlands – 65ha Manchester Airport and the surrounding area – 50ha.
Salford	82.00 (2021)*	52.28 (2021)** 45.85 (2023) with unimplemented consents	<ul style="list-style-type: none"> The 320,000 sqm put forward in the Places for Everyone Greater Manchester Plan for the growth of Salford is identified for an expansion of Port Salford. Port Salford, is a £138 million development and will be the UK's only inland multimodal distribution park served by rail, road and short sea shipping. The scheme is expected to generate 10,000 jobs over its lifetime. It will provide a container facility capable of handling 300,000 containers and 37 million freight pallets per year along with around 155,000 sqm of warehouse space excluding the proposed expansion allocation. Port Salford will be part of Liverpool City Region's Freeport as announced in the budget of March 2021.
Trafford	190.00 (2012)	200 (2020) *** 49.41 with unimplemented consents	<ul style="list-style-type: none"> Some 146,000 sqm of E(g)(i) and (ii) office and research uses are proposed in locations such as Trafford Quays and Trafford Park The Carrington Strategic Location or New Carrington –75 ha allocated in planning. 350,000 sqm of employment floorspace is proposed in Masterplanning. Part of a major mixed-use scheme to be delivered over a 20 year+ programme Davenport Employment Site/ Timperley Wedge – 36.5 ha allocated. Part of a 135.6 ha estate at Davenport Green, Hale. The site is identified for longer term growth at Airport City or for a Medi-Park at the University Hospital South Manchester (the Medi-Park) in the City of Manchester
Wigan	200.00 (2013) (Some 51.00 proposed in Places for everyone GM Plan)	75.70 (2021)**** Supply with consents not known	<ul style="list-style-type: none"> South Lancashire Industrial Estate Extension, Ashton – 34 ha allocated. Land Under developer control. Some 16 ha received Outline Planning consent in May 2023 for a 58,000 sqm industrial estate, for small and mid-sized industrial and warehouse units.
<i>Sub Total</i>		445.00 132.96 with consents, where known	-
Liverpool City Region			
City of Liverpool	145.00 (2022)	41.90 (2022) Supply with consents not known	<ul style="list-style-type: none"> North of Dock Road, Garston – 26.0 allocated. Part of site on market for sale for E(g), B2, B8 uses Some 27 ha will support Port of Liverpool development
Halton	180.00 (2022)	69.14 (2020) 37.00 with unimplemented consents	<ul style="list-style-type: none"> St Michaels – 20.20 ha allocated. Council owned land, partly in use for solar farm. Easternmost section of 3MG (East) Foundry Lane – 35.23 ha allocated. Large parts in use for open storage.

Local Authority Area	Total Employment Land Supply Allocated in Last Adopted Local Plan, hectares (Year of Adoption)	Employment Land Supply Remaining as of Latest Published Monitoring data, hectares (As At) Total land with planning consent, hectares, where known	Strategic Sites Falling within the FEMA (Sites of 20 ha or larger)
St Helens	213.53 (2022)	No recent monitoring accounting for significant supply now allocated.	<ul style="list-style-type: none"> • Omega South Western Extension – 31.22 ha allocated. Discussed separately below • Parkside East and West – 144.12 ha in two allocations. Applications for both approved at examination. Parkside West is the Phase I development and has commenced for 93,000 sqm of B2/B8 floorspace. Phase II, for 149,000 sqm of B2/B8 floorspace, will also include a rail freight link • Land West of Millfield Lane, South of Liverpool Road and North of Clipsley Brook, Haydock – 20.58 ha allocated. Full planning consent is being sought on 7.8 ha in the south for 27,000 sqm of E(g)(iii), B2, B8 by developer Canmoor.
<i>Sub Total</i>	538.53	324.57 (including St Helens allocated land) 37.00 with consents, where known	-
Total	1,955.53	1,379.37 461.47 with consents, where known	-

Source: Various

*Based on the Places for Everyone, Submission Stage Greater Manchester Plan proposed allocation of 320,000 sqm of industrial and warehouse floorspace at 3,900 sqm/hectare

**203,900 sqm identified in Places for Everyone, Submission Stage Greater Manchester Plan at 3,900 sqm/hectare

***An identified supply of 783,677 sqm, including consented sites, at 3,900 sqm/hectare.

***295,247 sqm identified in Places for Everyone, Submission Stage Greater Manchester Plan at 3,900 sqm/hectare

- 2.54 In Greater Manchester, the most significant facility is Port Salford, on the Manchester Ship Canal, an already sizable multi-modal logistics facility which is proposed for further growth in the emerging Places for Everyone, Submission Stage Greater Manchester Plan. Port Salford is likely to compete with Port Warrington for Canal-linked logistics uses - although large scale growth of Port Warrington is not proposed in the Local Plan - but will have less impact on the demand for exclusively road linked B8 space which will locate at Warrington Borough's proposed strategic allocations, such as Fiddlers Ferry. In the City of Manchester and Trafford much of the strategic growth is focused on office and science uses over B2/B8 development.
- 2.55 In the Liverpool City Region, the most significant B2/B8 proposals are in St Helens, most notably the Parkside development. Phase I of the Parkside scheme has already commenced so a significant amount of delivery can be expected here before equivalent property becomes available in Warrington Borough. Development of Parkside Phase II would create a Strategic Rail Freight Facility close to Warrington. This will offer some competition with a nearby Omega Extension but its offer to the market would be distinct from schemes in Warrington which would only be accessible by road, i.e., it will be marketed to different businesses seeking different types of B8 accommodation (rail linked and non rail-linked)
- 2.56 Ultimately, as was broadly concluded in the EDNA, 2021 (Document EC2) and more specifically noted in the Council's Matter 5 Statement (Document M5.01 Paragraph 3.3, Page 4) that *"Sites in neighbouring local authority areas, even when of a strategic scale are planned to meet the OAN of those authorities rather than Warrington. The only exception is the proposed Omega South Western Extension in the neighbouring Borough of St Helens. Nonetheless it is recognised that this is a highly dynamic market sector and that this will need to be kept under review."*

Omega South Western Extension

- 2.57 The Council met with St Helens Borough Council on 14th June 2023 to discuss the Omega West site. St Helens confirmed that their position had not changed from that set out in their email of 17th October 2022 – CD48.
- 2.58 St Helens Borough Council are still not in a position to make a decision on Omega West with respect to the Duty to Cooperate, beyond that already formally agreed as part of the St Helens Borough Local Plan until such time as the Liverpool Spatial Development Strategy and its supporting evidence base is further advanced. At this point in time, there is no confirmed timetable for this.